

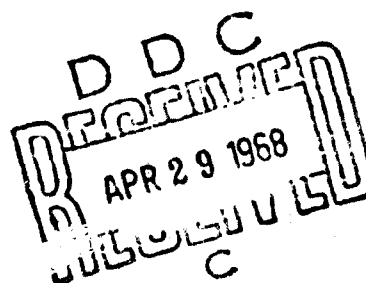
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AFTER TURMOIL, THE UPWARD CLIMB

Guy J. Pauker

April 1968

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The Rand Corporation
Santa Monica, California

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AFTER TURMOIL, THE UPWARD CLIMB

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The United States is currently spending about \$30 billion a year and many precious American lives in Vietnam to contain the expansion of Communist doctrine and Chinese influence in Southeast Asia. Our commitment to the support of an anti-Communist government in the southern half of that unhappy and unlucky divided country resulted from the still widely shared belief that a Communist victory there would induce the fall, like dominoes, of all the other countries in the area.

Meanwhile the United States, Japan, and the major Western European countries are only willing to spend grudgingly \$325 million, or about one percent of the cost of our effort in Vietnam, to help the consolidation of a government in Indonesia which has ruthlessly succeeded where we have until now failed in Vietnam.

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This paper was written for the Opinion Section of the Los Angeles Times, where it appeared slightly shortened on Sunday, March 31.

In the summer of 1965 the Communist Party of Indonesia was the largest outside the Communist orbit, and most observers were convinced that it was on the verge of a takeover. At the same time Sukarno heralded the establishment of a Djakarta-Peking axis, linking his country to its Chinese "comrades-in-arms."

Today the deposed dictator has become a non-person, living in retirement in the countryside, the Communist Party of Indonesia has been crushed, with two-thirds of its Central Committee members killed or arrested, while diplomatic relations with Peking have been "frozen" -- to use Indonesian terminology.

Some commentators seek solace in the thought that our commitment of combat forces to Vietnam in 1965 made this fantastic reversal of trends possible in Indonesia a few months later. In fact the Indonesian Army broke the power of the Communist Party of Indonesia and the hold of Chinese influence on their country in a violent reflex of self-defense, after six of their ranking generals were brutally murdered on the night of September 30, 1965, as the result of a Communist plot.

That gory event and the holocaust it triggered, resulting in the killing of some 200,000 Communists in the follow-

ing months, was the culmination of two decades of political enmity between Communists and nationalist military. One can debate whether that increasingly sharp conflict would have occurred if after the conquest of mainland China the United States had withdrawn to the Eastern Pacific and accepted the existence of a Communist Chinese sphere of influence.

It can be argued that without the presence of the Seventh Fleet and of the Thirteenth Airforce in the Southwestern Pacific, the nationalist military of Southeast Asia, who had fought Communist insurgencies as early as 1948, may have succumbed to strong psychological pressures to seek an accommodation with their Communist adversaries. Against overwhelming odds, their will to resist may have been gradually eroded, and the sequence of events leading to the destruction of the Communist Party of Indonesia may not have taken place. But by the time our combat forces landed in Vietnam, Communists and nationalists in Indonesia were already on a collision course, and the chain of events which started on the night of September 30 was not materially affected by our increased commitment in Vietnam.

I have just returned from Bandung, where I observed the trial, in open military court, of a mysterious figure whose

alias was Sjam. He had been the head of a top secret Special Bureau of the Communist Party of Indonesia, established in 1964. Its function was to control and command military officers who were secretly Communist sympathizers or followers. Sjam, who reported directly and exclusively to the Party Chairman, D. N. Aidit, was the man who, on orders from his boss, organized the killing of the six generals.

The purpose of that heinous crime was to prevent a military take-over if Sukarno, whose health was deteriorating that summer, were to die suddenly, thus depriving the Communist Party of Indonesia of his protection and upsetting its plans for gradual capture of the country's levers of power. In his reflex reaction to the Communist plot, which he crushed, General Suharto, who was until then a non-political general, did certainly not have his mind on the American build-up in Vietnam. He was, literally, fighting for his life and for that of his surviving senior colleagues.

Thirty months later, as the result of a complex interplay of domestic Indonesian political forces, General Suharto emerged this week as Indonesia's new President, with a five-year mandate from the Provisional People's Consultative Assembly. After acting decisively in crushing the plot of the Communist September 30 Movement, General

Suharto became Commander of the Indonesian Army, succeeding the murdered General A. Yani. In March 1966 he formed a new cabinet, nominally still under the authority of President Sukarno. In March 1967 he was named Acting President, after Sukarno had been legally dismissed.

General Suharto was to serve as Acting President until a new President could be chosen following general elections. He was so aware of the limited nature of his mandate that he did not even move from his modest private residence in the heart of Djakarta to the State Palace. Elections were to be held on July 5, 1968, but political parties and military failed to agree on an electoral system.

Politicians insisted on proportional representation, to maximize the chances of their old-established parties to retain a dominant role in the future political life of the country, while the military and some of their politically independent younger civilian allies were seeking a renewal through the introduction of single-member districts. The importance of this debate was enhanced by the issue of Sukarno's future influence in public life, as the established political parties had close ties with him in the past.

When it became clear that, in the absence of an electoral law, elections could not be held on July 5, 1968, the

Provisional People's Consultative Assembly was convened on March 21 to extend General Suharto's mandate. It also set a new date for general elections, which are now to be held on July 5, 1971.

Despite rumblings from the Communist underground and from various fanatical religious elements on the right, Indonesia is now likely to have political stability if the economic crisis which has been endemic for many years in that country does not lead to a social explosion. In the period from 1961 to 1967 the population of Indonesia has been growing at a rate of 2.4 percent per year, while net national product grew during the same period at a rate of only 1.6 per year.

This means that population is actually outrunning resources, a very acutely felt situation in a country where per capita net national product in 1967 was only \$80, leaving certainly no margin for further retrenchment.

The situation is particularly dramatic in the island of Java which has only 9 percent of the land but 65 percent of the country's population. There, population density in 1967 had reached the incredible figure of 1,423 per square mile. It is surely not accidental that Java's overpopulated areas were the stronghold of the Communist Party and became

in late 1965 and early 1966 the scene of one of the worst massacres of our times, as the villagers themselves killed the Communists in their midst, who had advocated class warfare, thus threatening the solidarity of a community barely able to survive on the basis of a well established pattern of "shared poverty."

The wisdom of General Suharto's administration, in striking contrast with the megalomaniac folly of his predecessor, is revealed by the new regime's economic policy. Whereas Sukarno was telling the mothers of Indonesia to have 12 children each as the country had, in his opinion, unlimited resources, the new government is concentrating its efforts on winning the Malthusian race between population and resources.

Planned parenthood is being promoted, for the first time, by the Indonesian government, with international assistance, to obviate the danger of the Javanese becoming the first human lemmings, forced to jump off their overcrowded land.

General Suharto has appointed as Chairman of the National Planning Agency the distinguished economist and demographer Professor Widjojo Nitiasastro, who holds a Ph.D. from the University of California at Berkeley. A five year

plan is currently being prepared, and its policy guidelines were submitted for approval to the Provisional People's Consultative Assembly last week.

In contrast with the grandiose schemes that economic planners in newly independent countries like to entertain, the priorities set by General Suharto's economic advisers are in accordance with the best judgment of the international economic profession after twenty years of experience with development efforts.

As Professor Widjojo Nitisastro explained it to me in Djakarta two weeks ago, the top priority of the five year plan is increase of food production, particularly rice, to overcome the need for rice imports and thus save foreign exchange for other purposes. It is assumed that rice production could be increased, by double cropping, until Indonesia would become an exporter of rice, thus contributing to the solution of the anticipated global food deficit.

Intensified food production will also have the advantage of absorbing some of the surplus labor from which Java suffers and of coming to grips, at the same time, with the urgent problems of erosion control and rehabilitation of an irrigation system that had been among the world's finest but had been gradually destroyed by mismanagement and lack of governmental control.

Foregoing the almost universal nationalist ambition of promoting the more glamorous forms of industry, the Indonesian economic planners intend to encourage those industries which produce inputs for agriculture, such as fertilizers and insecticides, or which process agricultural products. Related to this effort will be a major emphasis on agricultural training, research and extension work, particularly with regard to the use of the new miracle rice seeds developed in the Philippines, IR5 and IR8. In all these endeavors the Indonesian government expects help from private foreign investors, not only from foreign governments.

The second priority in the future five year plan will be to increase production in plantation agriculture (rubber, copra, coffee, tea, tobacco, spices, etc.) and in extractive industries (oil and minerals). These are the major source of Indonesia's foreign exchange earnings, needed in the immediate future for current consumption and investment and in the coming decade for the repayment of the external debt of \$2.1 billion with which Indonesia is burdened as a legacy of the Sukarno period.

To encourage private foreign investments in that sector, Indonesia passed in January 1967 an excellent law on investment of foreign capital, accepts direct foreign private

investments, and offers a complete tax holiday for a period of five years. It may also be the only country in the world which lists the home telephone (72599) of the chairman of the Foreign Investment Board, Professor M. Sadli, in the official pamphlet made available to investors, to allow them to reach him at any hour, day or night.

In its foreign policy Indonesia is anxious to regain the confidence of the international community, after several years of trouble-making by Sukarno. In early March the Malaysian Prime Minister Tunku Abdul Rahman visited Djakarta, from where he had been so viciously attacked in earlier years, and the Indonesian audience applauded his public statements, strongly endorsing American efforts in Vietnam. Finally, in its effort to reestablish cordial, rather than just correct, relations with the United States, President Suharto is sending next month to Washington as his ambassador, one of Indonesia's most distinguished intellectuals, Soedjatmoko, well known to all scholars, journalists and diplomats who have visited Djakarta in the last twenty years.